

YEAR ENDING December 31 2008

ANNUAL REPORT

OF

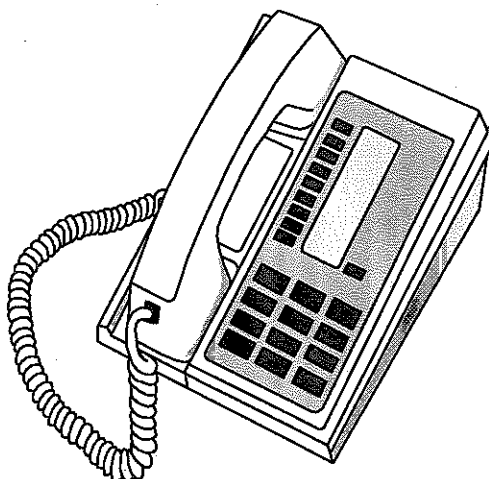
CenturyTel of Montana, Inc.

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PUBLIC SERVICE
COMMISSION

TELEPHONE UTILITY



TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601

General Information

Year: 2008

1	Legal Name of Respondent:	CenturyTel of Montana, Inc.
2	Name Under Which Respondent Does Business:	CenturyTel of Montana, Inc.
3	Date of Incorporation:	October 23, 1946
4	Address to send Correspondence Concerning Report:	P. O. Box 4065 Monroe, La. 71211-4065
5	Person Responsible for This Report:	Ted M. Hankins Director of Economic Analysis
5a.	Telephone Number:	(318) 388-9416
Control Over Respondent		
1	If direct control over the respondent was held by another entity at the end of year provide the following:	
	1a. Name and address of the controlling organization or person: Pacific Corp. Holding, Inc. owned 100% of the voting securities of Pacific Telecom, Inc. until 12/1/97 when these securities were sold to CenturyTel, Inc, P. O. Box 4065, Monroe, La. 71211-4065.	
	1b. Means by which control was held: Ownership of voting securities.	
	1c. Percent Ownership: 99%.	

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Glen F. Post, III Chairman & CEO	None
2	Stacey W. Goff Senior V.P., General Counsel, & Assistant Secretary	None
3	R. Stewart Ewing, Jr. Executive V.P. and CFO	None
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18	Chairman of the Board: Glen F. Post, III	
19		
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General Information

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	Board of Directors		
Line No.	Name of Director and Address (City, State) (a)		Fees Paid During Year (b)
1	Glen F. Post, III	Chairman & CEO	None
2	Stacey W. Goff	Senior V.P., General Counsel, & Assistant Secretary	None
3	R. Stewart Ewing, Jr.	Executive V.P. and CFO	None
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18	Chairman of the Board:	Glen F. Post, III	
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Officers

Year: 2008

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)
1	Chairman & C.E.O.	Company Wide	Glen F. Post, III
2	President & C.O.O.	"	Karen A. Puckett
3	Executive V. P. & C.F.O.	"	R. Stewart Ewing, Jr.
4	Senior Vice President	"	David D. Cole
5	Senior Vice President	"	Michael E. Maslowski
6	Senior V.P., General Council,	"	Stacey W. Goff
7	& Assistant Secretary	"	
8	Vice President & Controller	"	Neil A. Sweasy
9	Vice President & Treasurer	"	G. Clay Bailey
10	Vice President	"	Tim Walden
11	Vice President	"	Ivan Hughes
12	Vice President	"	Jeff Glover
13	Secretary	"	Kay Buchart
14	Region Vice President	Mid-West Region	Duane Ring
15	General Manager	CenturyTel of Montana, Inc.	Jeremy Ferkin
16			
17			
18			All officers are based in Monroe, La.,
19			except Duane Ring who is based in
20			LaCrosse, Wisconsin and Jeremy Ferkin
21			who is based in Kalispell, Montana.
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Total Company Balance Sheet

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	4,774,336	17,167,647
3	1180	Telecommunications Accounts Receivable - Net	4,078,438	3,388,501
4	1190	Other Accounts Receivable - Net	1,505,324	2,000,933
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	14,244	15,682
8	* 1280	Prepayments	193,970	80,102
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	193,970	80,102
14	1350	Other Current Assets		
15		Total Current Assets	10,566,312	22,652,865
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	822,036	1,214,531
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges	37,046	94,573
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	859,082	1,309,104
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	165,448,874	162,599,038
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	1,879,101	1,834,957
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant	2,582	2,582
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(110,607,709)	(104,477,310)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		Net Property, Plant, & Equipment	56,722,848	59,959,267
40		TOTAL ASSETS	68,148,242	83,921,236

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	454,213	523,476
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	809,135	842,182
45	4040	Customer Deposits	45,090	61,562
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	2,375,958	2,378,807
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	590,563	568,436
53	4130	Other Current Liabilities		
54		Total Current Liabilities	4,274,959	4,374,463
55		LONG-TERM DEBT:		
56	4210	Funded Debt		
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		
63		Total Long-Term Debt		
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	9,332,173	9,434,719
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	5,808,028	6,649,283
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	15,140,201	16,084,002
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	6,680,000	6,680,000
75	4520	Additional Paid-In Capital	141,016	141,016
76	4530	Treasury Stock	(130,500)	(130,500)
77	4540	Other Capital		
78	4550	Retained Earnings	42,042,566	56,772,255
79		Total Stockholders' Equity	48,733,082	63,462,771
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	68,148,242	83,921,236

Total Company Income Statement

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	18,373,821	19,541,140
3	5080	Network Access Revenues (1)	19,703,650	21,799,232
4	* 5100	Long Distance Message Revenue	197,872	207,345
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	197,873	207,368
7	^ 5160	Other Long Distance Revenue (1)		(23)
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	7,336,519	6,095,933
10	^ 5230	Directory Revenue	4,201,728	3,860,802
11	^ 5240	Rent Revenue	156,297	108,621
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue (2)	2,182,906	1,329,242
14	^ 5270	Carrier Billing and Collection Revenue	795,588	797,268
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	349,128	103,354
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	45,262,734	47,540,296
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	70,672	67,557
20	6120	General Support Expense	734,785	825,315
21	6210	Central Office Switching Expense	1,703,886	1,841,803
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	868,846	699,552
24	6310	Information Origination/Termination Expense	0	113
25	* 6410	Cable and Wire Facilities Expense	4,731,747	4,858,724
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(32,782)	(14,495)
29	6530	Network Operations Expense	1,976,717	1,935,911
30	6540	Access Expense	1,489,356	1,502,817
31	6560	Depreciation and Amortization Expense	8,022,734	7,746,796
32	6610	Marketing	1,565,303	1,359,221
33	6620	Services	3,004,465	3,264,342
34	6710	Executive and Planning	769,113	730,987
35	6720	General and Administrative	2,938,601	3,235,635
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	27,843,443	28,054,278
38	7100	Other Operating Income and Expense	489	517
39	7200	Operating Taxes	8,435,393	9,480,812
40		Net Operating Income (L.17-L.37+L.38-L.39)	8,984,387	10,005,723
41	7300	Nonoperating Income and Expense	506,534	1,096,324
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	3,321	36,595
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(786,473)	(705,487)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	10,274,073	11,770,939

^ Subaccount of the account marked with a *.

(1) Includes Interstate Prior Period Adjustments of (\$19,601) in 2008 and \$1,900,095 in 2007

Includes Intrastate Prior Period Adjustments of (\$5,305) in 2008 and \$251,562 in 2007

(2) Includes Miscellaneous Prior Period Adjustments of \$127,304 in 2008 and \$100,549 in 2007

Montana Total State Income Statement

Year: 2008

Line No.	Acct. No. (a)	N/A - SEE SCHEDULE 4 Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues		
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)		
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)		

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	18,373,821	19,541,140
3	5080	Network Access Revenues	3,883,733	4,432,516
4	* 5100	Long Distance Message Revenue	197,872	207,378
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	197,873	207,368
7	^ 5160	Other Long Distance Revenue	(1)	10
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	6,613,202	5,393,649
10	^ 5230	Directory Revenue	4,201,728	3,860,802
11	^ 5240	Rent Revenue	106,014	74,448
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	2,117,470	1,259,089
14	^ 5270	Carrier Billing and Collection Revenue	187,990	199,310
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	349,128	103,354
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	28,719,500	29,471,329
18		OPERATING EXPENSES: (1)		
19	6110	Network Support Expense	48,352	46,223
20	6120	General Support Expense	502,721	564,687
21	6210	Central Office Switching Expense	1,029,937	1,109,473
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	545,016	435,926
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	3,438,403	3,550,391
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(22,429)	(9,918)
29	6530	Network Operations Expense	1,348,895	1,321,042
30	6540	Access Expense	505,304	494,213
31	6560	Depreciation and Amortization Expense	4,957,773	4,978,811
32	6610	Marketing	1,193,541	1,036,405
33	6620	Services	2,408,358	2,613,506
34	6710	Executive and Planning	557,140	532,656
35	6720	General and Administrative	2,095,948	2,319,175
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	18,608,959	18,992,590
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	5,673,505	6,340,780
40		Net Operating Income (L.17-L.37+L.38-L.39)	4,437,036	4,137,959

^ Subaccount of the account marked with a *.

(1) Intrastate expenses include a portion of LNP expense. In any future ratemaking process, the LNP expenses will be removed to determine expenses solely on an intrastate basis. LNP investment and expenses are being recovered through a charge to the enduser as approved by the FCC.

Montana Intrastate Regulated Income Statement

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	17,688,447	18,805,325
3	5080	Network Access Revenues	3,526,738	4,118,350
4	* 5100	Long Distance Message Revenue	178,972	187,200
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	178,973	187,223
7	^ 5160	Other Long Distance Revenue	(1)	(23)
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	168,744	172,938
10	^ 5230	Directory Revenue	72,445	76,146
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	96,299	96,792
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	305,186	151,002
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	21,257,715	23,132,811
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	47,205	45,274
20	6120	General Support Expense	490,798	553,083
21	6210	Central Office Switching Expense	1,000,698	1,085,545
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	529,545	426,524
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	3,367,206	3,479,784
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(21,897)	(9,714)
29	6530	Network Operations Expense	1,316,902	1,293,897
30	6540	Access Expense	505,304	494,213
31	6560	Depreciation and Amortization Expense	4,794,516	4,842,913
32	6610	Marketing	1,151,256	999,688
33	6620	Services	2,194,603	2,370,022
34	6710	Executive and Planning	521,651	499,343
35	6720	General and Administrative	1,912,333	2,124,678
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	17,810,120	18,205,250
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	5,519,435	6,186,732
40		Net Operating Income (L.17-L.37+L.38-L.39)	(2,071,840)	(1,259,171)

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	160,565,576	160,846,866
2	3100	Accumulated Depreciation	106,488,932	101,094,947
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	14,963	30,398
6	4340	Noncurrent Deferred Operating Income Taxes	9,383,446	9,204,850
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	811,296	829,878
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	45,519,457	51,407,345

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	109,854,792	110,052,713
2	3100	Accumulated Depreciation	73,373,131	69,835,299
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	10,873	22,212
6	4340	Noncurrent Deferred Operating Income Taxes	6,419,916	6,298,043
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	561,008	575,909
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	30,633,626	34,517,492

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	107,249,295	107,536,746
2	3100	Accumulated Depreciation	71,825,390	68,596,082
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	10,648	21,771
6	4340	Noncurrent Deferred Operating Income Taxes	6,267,647	6,168,633
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	534,888	549,137
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	29,701,794	33,342,939

Notes to Schedule 8

(A) Revenues and expenses were allocated using FCC Part 36 separation rules. Allocation factors are based on 2000 traffic measurements per Separations Freeze Order (i.e. allocations for 2008 are based on the 2000 traffic measurement) which are the most current factors available.

(B) Authorized by Montana Public Commission, Docket 6522, Order Number 4409.

Note: Rate Base Components are calculated using an average of beginning and end of year balances.

Statement of Cash Flows

Year: 2008

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	Increase/(decrease) in Cash & Cash Equivalents		
2	Cash Flows from Operating Activities:		
3	Net Income		10,274,073
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	8,022,734	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	32,889	
8	Unamortized Investment Tax Credits (ITCs) - Net	-	
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	(194,328)	
11	Change in Materials, Supplies & Inventories - Net	1,438	
12	Change in Operating Payables & Accrued Liabilities - Net	(69,263)	
13	Change in Other Assets & Deferred Credits - Net	(113,868)	
14	Change in Other Liabilities & Deferred Credits - Net	(30,241)	
15	Other (explained on back of this page)	(976,690)	
16	Total Adjustments		6,672,671
17	Net Cash Provided by/(Used in) Operating Activities		16,946,744
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of	(4,786,315)	
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)	450,022	
25	Net Cash Provided by/(Used in) Investing Activities		(4,336,293)
26	Cash Flows from Financing Activities:		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid	(25,003,762)	
36	Other Financing Activities (explained on back of this page)		
37	Net Cash Provided by Financing Activities		(25,003,762)
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		(12,393,311)
40	Cash & Cash Equivalents at Beginning of Period		17,167,647
41	Cash & Cash Equivalents at End of Period		4,774,336

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2008

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	AT&T				74,381						
2	All Other Connecting Companies				1,256,291						
3											
4											
5											
6											
7											
8											
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25											
26											
27											
28											
29	Aggregate of all balances		4,375,943	(329,694)	206,841						
30	Totals		4,375,943	(329,694)	1,537,513						

Net Plant in Service - Detail

Year: 2008

Line No.	Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	*	Land and Support Assets	7,473,687	572,276	130,953	8,275	7,923,285	5,707,515	2,215,770
2	^	Land	467,745				467,745		467,745
3	^	Motor Vehicles	1,648,488	200,197	51,990		1,796,695	1,796,695	
4	^	Aircraft							
5	^	Special Purpose Vehicles							
6	^	Garage Work Equipment							
7	^	Other Work Equipment							
8	^	Buildings	703,965	68,888			772,853	626,587	146,266
9	^	Furniture	3,634,717	180,368			3,815,085	2,502,500	1,312,585
10	^	Office Equipment	26,963	3,718			30,681	21,320	9,361
11	^	General Purpose Computers	217,572	4,184			221,756	221,756	
12	^	Analog Electronic Switching	774,237	114,921	78,963	8,275	818,470	538,657	279,813
13	^	Digital Electronic Switching							
14	^	Electro-Mechanical Switching							
15	^	Operator Systems	31,194,877	476,399	24,346	309,433	31,956,363	27,821,113	4,135,250
16	^	Radio Systems							
17	^	Circuit Equipment	6,258				6,258	(34,119)	40,377
18	*	Information Orig & Term Equip	35,965,135	2,201,460	1,455,469	(309,433)	36,401,693	26,216,001	10,185,692
19	^	Station Apparatus							
20	^	Customer Premises Wiring							
21	^	Large Private Branch Exchanges							
22	^	Public Telephone Term. Equip.							
23	^	Other Terminal Equipment							
24	^	Poles	1,398,311	8,581	4,238	(336)	1,402,318	1,381,063	21,255
25	*	Cable and Wire Facilities	84,773,600	1,441,920	244,257	3,417	85,974,680	48,530,216	37,444,464
26	^	Aerial Cable	10,698,613	105,372	49,486	3,802	10,758,301	10,523,644	234,657
27	^	Underground Cable	1,722,207	6,972	713	(149)	1,728,317	862,477	865,840
28	^	Buried Cable	72,307,375	1,323,594	194,058	(235)	73,436,676	37,106,570	36,330,106
29	^	Submarine Cable	5,831				5,831	3,847	1,984
30	^	Deep Sea Cable							
31	^	Intrabuilding Network Cable	39,574	5,982		(1)	45,555	33,678	11,877
32	^	Aerial Wire	404,456	242			404,698	404,468	230
33	^	Conduit Systems	1,382,714	699		(3,834)	1,379,579	581,452	798,127
34		Totals	162,599,038	4,701,577	1,859,263	7,522	165,448,874	110,607,709	54,841,165

^ Subaccount of the account marked with a *.

Analysis of Plant Held for Future Use

Year: 2008

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book Cost of Property at End of Year (g)
1	N/A						
2							
3							
4							
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27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Average Cost of Long Term Debt												Year:2008	
Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)	
1	N/A												
2													
3													
4													
5													
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28													
29													
30	Total												

Cost of Preferred Stock

Year: 2008

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	Preferred Stock 5% cumulative authorized & outstanding, 500 shares of \$100 par value. (includes 390 held in treasury)	12/50	Private	None	\$100	(A)	(A)	(A)	(A)	50,000	1,125	0
2												
3												
4												
5												
6	Serial Preferred 10% cumulative authorized 100,000 shares of \$100 par value; 1,800 shares issued. (includes 1200 held in treasury)	12/71	Private	None	\$100	(A)	(A)	(A)	(A)	180,000	6,000	0
7												
8												
9												
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28												
29												
30	Totals (Sum L.1 to L.29)									230,000	7,125	

(A) No Preferred Stock transactions took place in the reporting year.

Analysis of Common Stock

Year: 2008

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price High (g) Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:	96,000		107.02		(A)	(A)	(A)
2								
3								
4								
5								
6								
7								
8	Month by Month Data:							
9	January		669.02					
10	February		670.55					
11	March		668.94	25.32				
12	April		671.08					
13	May		669.20					
14	June		669.85	26.98				
15	July		668.91					
16	August		670.76					
17	September		671.01	27.56				
18	October		670.69					
19	November		670.02					
20	December		516.17	27.17				
21								
22								
23								

(A) Not Applicable, Common Stock not publicly traded.

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 2008

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)
1	N/A						
2							
3							
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29							
30	Totals (Sum L.1 to L.29)						

Total Company Expense Matrix

Line No.	Acct. No.	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	17,604	5,912	316	46,840		70,672
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense	17,604	5,912	316	46,840		70,672
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense	129,361	44,241	120,750	440,433		734,785
8	^	Land and Building Expense			44,042	184,853		228,895
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense	63	20		10		93
11	^	General Purpose Computers Expense	129,298	44,221	76,708	255,570		505,797
12	*	Central Office Switching Expense	434,961	159,257	1,653	1,108,015		1,703,886
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense	434,961	159,257	1,653	1,108,015		1,703,886
15	^	Electro-Mechanical Expense						
16		Operator Systems Expense						
17	*	Central Office Transmission Expense	456,365	162,371	368	249,742		868,846
18	^	Radio Systems Expense				370		370
19	^	Circuit Equipment Expense	456,365	162,371	368	249,372		868,476
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense	2,016,593	733,866	899,711	1,081,577		4,731,747
26	^	Poles Expense	6,260	2,232	269,549	5,288		283,329
27	^	Aerial Cable Expense	432,270	158,924	227	122,334		713,755
28	^	Underground Cable Expense	536	178		65		779
29	^	Buried Cable Expense	1,577,418	572,490	629,935	953,873		3,733,716
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense	109	42		17		168
34		Subtotals	3,054,884	1,105,647	1,022,798	2,926,607		8,109,936

^ Subaccount of the account marked with a *.

Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^ 6441	Conduit Systems Expense				(71,180)		(32,782)
36	6510	Other Property Expenses	25,412	10,716	2,270	683,948		1,976,717
37	* 6530	Network Operations Expense	937,412	346,101	9,256	239,058		239,058
38	^ 6531	Power Expense				114,228		439,599
39	^ 6532	Network Administration Expense	233,155	89,138	3,078	68,977		294,236
40	^ 6533	Testing Expense	161,757	62,503	999	81,610		345,024
41	^ 6534	Plant Operations Expense	191,375	70,971	1,068	180,075		658,800
42	^ 6535	Engineering Expense	351,125	123,489	4,111	1,489,356		1,489,356
43	6540	Access Expense				8,022,734		8,022,734
44	6561	Depreciation - Telecomm. Plant in Service						
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	* 6610	Marketing	671,343	240,759	9,663	643,538		1,565,303
50	^ 6611	Product Management	156,506	57,841	3,002	89,094		306,443
51	^ 6612	Sales	514,837	182,918	6,661	310,333		1,014,749
52	^ 6613	Product Advertising				244,111		244,111
53	6621	Call Completion Services				3,767		3,767
54	6622	Number Services				276,861		276,861
55	6623	Customer Services	1,101,694	452,554	16,718	1,152,871		2,723,837
56	6711	Executive	170,695	412,662	82	185,674		769,113
57	6712	Planning						
58	6721	Accounting and Finance	251,149	108,397	680	268,056		628,282
59	6722	External Relations	105,056	39,160	3,579	87,987		235,782
60	6723	Human Relations	149,663	64,656	6,748	94,266		315,333
61	6724	Information Management	397,148	167,280	21,589	728,792		1,314,809
62	6725	Legal	46,015	46,912	3,052	112,012		207,991
63	6726	Procurement	8,213	3,343	11	2,992		14,559
64	6727	Research and Development						
65	6728	Other General and Administrative	1,511	25,029	2	195,303		221,845
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	6,920,195	3,023,216	1,096,448	16,803,584		27,843,443

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	NOT APPLICABLE					
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense						
8	^	Land and Building Expense						
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense						
12	*	Central Office Switching Expense						
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16		Operator Systems Expense						
17	*	Central Office Transmission Expense						
18	^	Radio Systems Expense						
19	^	Circuit Equipment Expense						
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense						
26	^	Poles Expense						
27	^	Aerial Cable Expense						
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	#VALUE!					#VALUE!

^ Subaccount of the account marked with a *.

Company Name: CenturyTel of Montana, Inc.

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Year: 2008

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense						
36		Other Property Expenses						
37	*	Network Operations Expense						
38	^	Power Expense						
39	^	Network Administration Expense						
40	^	Testing Expense						
41	^	Plant Operations Expense						
42	^	Engineering Expense						
43		Access Expense						
44		Depreciation - Telecomm. Plant in Service						
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing						
50	^	Product Management						
51	^	Sales						
52	^	Product Advertising						
53		Call Completion Services						
54		Number Services						
55		Customer Services						
56		Executive						
57		Planning						
58		Accounting and Finance						
59		External Relations						
60		Human Relations						
61		Information Management						
62		Legal						
63		Procurement						
64		Research and Development						
65		Other General and Administrative						
66		Provision for Uncollectible Notes Receivable						
67		Totals	#VALUE!					#VALUE!

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2008

1	Plan Name _____			
2	Defined Benefit Plan? <u> X </u>	Defined Contribution Plan? <u> </u>		
3	Actuarial Cost Method? <u> </u>	IRS Code: <u> </u>		
4	Annual Contribution by Employer: <u> </u>	Is the Plan Over Funded? <u> </u>		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation	See Note (A) Below		
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	Funded Status			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:			
43	Pension Costs	37,934	529,199	1295.05%
44	Pension Costs Capitalized	2,107	(21,168)	-1104.65%
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:			
47	Covered by the Plan	90	103	14.44%
48	Not Covered by the Plan			
49	Active	90	103	14.44%
50	Retired	85	103	21.18%
51	Deferred Vested Terminated			

(A) This information is not available on an individual basis. Information regarding the pension plan is summarized in the attached copy of Footnote 11 of CenturyTel, Inc. 2008 Form 10-K.

(11) DEFINED BENEFIT AND OTHER RETIREMENT PLANS

We sponsor defined benefit pension plans for substantially all employees. We also sponsor a Supplemental Executive Retirement Plan ("SERP") to provide certain officers with supplemental retirement, death and disability benefits. In late February 2008, our board of directors approved certain actions related to our SERP, including (i) the freezing of additional benefit accruals effective February 29, 2008 and (ii) amending the plan to permit participants to receive in 2009 a lump sum distribution of the present value of their accrued plan benefits. Because of the elimination of future benefit accruals, we also enhanced plan termination benefits by (i) crediting each active participant with three additional years of service and (ii) crediting each participant who is not currently in pay status under the plan with three additional years of age in connection with calculating the present value of any lump sum distribution to be made in 2009. We recorded a curtailment loss of approximately \$8.2 million in 2008 related to the above-described items. In anticipation of making the lump sum distributions in early 2009, we liquidated our investments in marketable securities in the SERP trust and recognized a \$4.5 million pre-tax gain in the second quarter of 2008. We also will record a one-time settlement charge in the first quarter of 2009 of approximately \$7.7 million in connection with the lump sum distributions that were made in early 2009. We use a December 31 measurement date for all our plans.

The following is a reconciliation of the beginning and ending balances for the aggregate benefit obligation and the plan assets for our above-referenced defined benefit plans.

December 31,	2008	2007	2006
(Dollars in thousands)			
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 469,437	474,302	460,599
Service cost	13,761	16,431	17,679
Interest cost	29,373	28,180	25,935
Plan amendments	2,393	61	(3,827)
Acquisition	-	15,266	-
Actuarial (gain) loss	(24,819)	(16,153)	6,789
Curtailment	8,235	-	-
Settlements	(1,945)	(410)	(13,232)
Benefits paid	(33,734)	(48,240)	(19,641)
Benefit obligation at end of year	\$ 462,701	469,437	474,302
Change in plan assets			
Fair value of plan assets at beginning of year	\$ 459,198	452,293	407,367
Return (loss) on plan assets	(123,210)	41,537	46,297
Acquisition	-	12,502	-
Employer contributions	52,521	1,516	31,502
Settlements	(1,945)	(410)	(13,232)
Benefits paid	(33,734)	(48,240)	(19,641)
Fair value of plan assets at end of year	\$ 352,830	459,198	452,293

Net periodic pension expense for 2008, 2007 and 2006 included the following components:

Year ended December 31,	2008	2007	2006
(Dollars in thousands)			
Service cost	\$ 13,761	16,431	17,679
Interest cost	29,373	28,180	25,935
Expected return on plan assets	(36,667)	(36,780)	(32,706)
Curtailment loss	8,235	-	-
Settlements	410	410	3,344
Recognized net losses	3,119	7,367	9,670
Net amortization and deferral	258	(131)	19
Net periodic pension expense	\$ 18,489	15,477	23,941

The following table sets forth the combined plans' funded status and amounts recognized in our consolidated balance sheet at December 31, 2008, 2007 and 2006.

December 31,	2008	2007	2006
(Dollars in thousands)			
Benefit obligation	\$ (462,701)	(469,437)	(474,302)
Fair value of plan assets	352,830	459,198	452,293
Net amount recognized	\$ (109,871)	(10,239)	(22,009)

In accordance with SFAS 158, the unamortized prior service cost (\$1.2 million as of December 31, 2008) and unrecognized net actuarial loss (\$206.9 million as of December 31, 2008) components have been reflected as a \$208.1 million net reduction (\$128.2 million after-tax) to accumulated other comprehensive loss within stockholders' equity. The estimated amount of amortization expense (income) of the above unrecognized amounts that will be amortized from accumulated other comprehensive loss and reflected as a component of net periodic pension cost for 2009 are (i) \$238,000 for the prior service cost and (ii) \$24.2 million for the net actuarial loss (which includes the \$7.7 million settlement charge mentioned above).

Amounts recognized on the balance sheet consist of:

December 31,	2008	2007
(Dollars in thousands)		
Pension asset (reflected in Other Assets)*	\$ -	28,536
Accrued expenses and other current liabilities*	(37,813)	(1,479)
Other deferred credits*	(72,058)	(37,296)
Net amount recognized	\$ (109,871)	(10,239)

* In accordance with SFAS 158, those plans that are overfunded are reflected as assets; those plans that are underfunded are reflected as liabilities.

Our aggregate accumulated benefit obligation as of December 31, 2008 and 2007 was \$418.8 million and \$410.6 million, respectively.

Assumptions used in accounting for pension plans as of December 31, 2008 and 2007 were:

	2008	2007
Determination of benefit obligation		
Discount rate	6.60-6.90%	6.30-6.50
Weighted average rate of compensation increase	4.0%	4.0
Determination of benefit cost		
Discount rate	6.30-6.50%	5.80
Weighted average rate of compensation increase	4.0%	4.0
Expected return on plan assets	8.25%	8.25

We employ a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by outperforming plan liabilities over the long term. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. We measure and monitor investment risk on an ongoing basis through annual liability measurements, periodic asset studies and periodic portfolio reviews. The fair value of substantially all of our pension plan assets is determined by reference to observable market data consisting of published market quotes.

Our pension plans weighted-average asset allocations at December 31, 2008 and 2007 by asset category are as follows:

	2008	2007
Equity securities	64.3%	70.8
Debt securities	32.7	27.2
Other	3.0	2.0
Total	100.0%	100.0

In determining the expected return on plan assets, we study historical markets and apply the widely-accepted capital market principle that assets with higher volatility and risk generate a greater return over the long term. We evaluate current market factors such as inflation and interest rates before determining long-term capital market assumptions. We also review peer data and historical returns to check for reasonableness.

During 2008, we contributed approximately \$52.5 million to our pension plans. The amount of the 2009 contribution will be determined based on a number of factors, including the results of the 2009 actuarial valuation report. While we expect our required minimum cash contribution for these plans for 2009 to be minimal, we may make discretionary contributions in 2009.

Our estimated future projected benefit payments under our defined benefit pension plans are as follows: 2009 - \$68.1 million (which includes approximately \$37 million of lump sum distributions made in early 2009 related to the SERP); 2010 - \$34.6 million; 2011 - \$34.1 million; 2012 - \$35.3 million; 2013 - \$37.6 million; and 2014-2018 - \$204.7 million.

Through December 31, 2006, we also sponsored an Employee Stock Ownership Plan ("ESOP") which covered most employees with one year of service and was funded by our contributions determined annually by the Board of Directors. Our expense related to the ESOP during 2006 was \$7.9 million. Our contribution to the ESOP was discontinued after 2006.

We also sponsor qualified profit sharing plans pursuant to Section 401(k) of the Internal Revenue Code (the "401(k) Plans") which are available to substantially all employees. Our matching contributions to the 401(k) Plans were \$10.5 million in 2008, \$10.6 million in 2007 and \$8.6 million in 2006.

Other Post Employment Benefits (OPEBS)

Item	Current Year	Last Year	% Change
1 Regulatory Treatment:			
2 Commission authorized - most recent			
3 Docket number: _____			
4 Order number: _____			
5 Amount recovered through rates			
6 Weighted-average Assumptions as of Year End	See Note (A) Below		
7 Discount rate			
8 Expected return on plan assets			
9 Medical Cost Inflation Rate			
10 Actuarial Cost Method			
11 Rate of compensation increase			
12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13			
14			
15 Describe any Changes to the Benefit Plan:			
16			
17 TOTAL COMPANY			
18 Change in Benefit Obligation			
19 Benefit obligation at beginning of year			
20 Service cost			
21 Interest Cost			
22 Plan participants' contributions			
23 Amendments			
24 Actuarial Gain			
25 Acquisition			
26 Benefits paid			
27 Benefit obligation at end of year			
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year			
30 Actual return on plan assets			
31 Acquisition			
32 Employer contribution			
33 Plan participants' contributions			
34 Benefits paid			
35 Fair value of plan assets at end of year			
36 Funded Status			
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost			
40 Components of Net Periodic Benefit Costs			
41 Service cost			
42 Interest cost			
43 Expected return on plan assets			
44 Amortization of prior service cost			
45 Recognized net actuarial loss			
46 Net periodic benefit cost	558,983	734,999	31.49%
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA			
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL			
52 Amount that was tax deductible - VEBA			
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL			

(A) The actuary provides information on a total plan basis only. Information regarding the OPEB plan is included in the attached copy of Footnote 10 of the CenturyTel, Inc. 2008 Form 10-K.

Other Post Employment Benefits (OPEBS) Continued

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	90	103	14.44%
3	Not Covered by the Plan			
4	Active	90	103	14.44%
5	Retired	79	99	25.32%
6	Spouses/Dependants covered by the Plan	6	14	133.33%
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Costs			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

(10) POSTRETIREMENT BENEFITS

We sponsor a health care plan (which uses a December 31 measurement date) that provides postretirement benefits to all qualified retired employees. Over the past few years, we amended certain retiree contribution and retirement eligibility provisions of our plan, including a 2008 amendment that increased the level of prescription drug co-payment obligations by retirees.

The following is a reconciliation of the beginning and ending balances for the benefit obligation and the plan assets.

December 31,	2008	2007	2006
(Dollars in thousands)			
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 306,633	357,417	353,942
Service cost	4,926	6,923	6,982
Interest cost	19,395	20,133	18,980
Participant contributions	2,789	2,016	1,583
Plan amendments	(9,093)	(4,552)	(7,978)
Acquisition	-	2,277	-
Direct subsidy receipts	1,092	1,299	717
Actuarial (gain) loss	(11,992)	(60,312)	319
Benefits paid	(20,863)	(18,568)	(17,128)
Benefit obligation at end of year	\$ 292,887	306,633	357,417
Change in plan assets			
Fair value of plan assets at beginning of year	\$ 28,324	30,080	29,545
Return (loss) on plan assets	(6,166)	1,916	3,280
Employer contributions	12,721	12,880	12,800
Participant contributions	2,789	2,016	1,583
Benefits paid	(20,863)	(18,568)	(17,128)
Fair value of plan assets at end of year	\$ 16,805	28,324	30,080

Net periodic postretirement benefit cost for 2008, 2007 and 2006 included the following components:

Year ended December 31,	2008	2007	2006
(Dollars in thousands)			
Service cost	\$ 4,926	6,923	6,982
Interest cost	19,395	20,133	18,980
Expected return on plan assets	(2,337)	(2,482)	(2,437)
Amortization of unrecognized actuarial loss	-	3,595	3,719
Amortization of unrecognized prior service credit	(2,606)	(2,020)	(855)
Net periodic postretirement benefit cost	\$ 19,378	26,149	26,389

The following table sets forth the amounts recognized as liabilities on the balance sheet for postretirement benefits at December 31, 2008, 2007 and 2006.

December 31,	2008	2007	2006
	(Dollars in thousands)		
Benefit obligation	\$ (292,887)	(306,633)	(357,417)
Fair value of plan assets	16,805	28,324	30,080
Accrued benefit cost	\$ (276,082)	(278,309)	(327,337)

In accordance with SFAS 158, the unamortized prior service credit (\$17.9 million as of December 31, 2008) and unrecognized net actuarial loss (\$11.6 million as of December 31, 2008) components have been reflected as a \$7.2 million after-tax decrease to accumulated other comprehensive loss within stockholders' equity. The estimated amount of amortization income of the above unrecognized items that will be amortized from accumulated other comprehensive loss and reflected as a component of net periodic postretirement cost during 2009 is \$3.5 million for the prior service credit.

Assumptions used in accounting for postretirement benefits as of December 31, 2008 and 2007 were:

	2008	2007
Determination of benefit obligation		
Discount rate	6.90%	6.50
Healthcare cost increase trend rates (Medical/Prescription Drug)		
Following year	7.0%/10.0%	7.0/10.0
Rate to which the cost trend rate is assumed to decline (the ultimate cost trend rate)	5.0%/5.0%	5.0/5.0
Year that the rate reaches the ultimate cost trend rate	2011/2014	2010/2013
Determination of benefit cost		
Discount rate	6.50%	5.75
Expected return on plan assets	8.25%	8.25

We employ a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by outperforming plan liabilities over the long term. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. We measure and monitor investment risk on an ongoing basis through annual liability measurements, periodic asset studies and periodic portfolio reviews.

Our postretirement benefit plan weighted-average asset allocations at December 31, 2008 and 2007 by asset category are as follows:

	2007	2008
Equity securities	46.7%	55.8
Debt securities	26.4	26.8
Cash and cash equivalents	26.9	17.3
Other	-	0.1
Total	100.0%	100.0

In determining the expected return on plan assets, we study historical markets and apply the widely-accepted capital market principle that assets with higher volatility and risk generate a greater return over the long term. We evaluate current market factors such as inflation and interest rates before determining long-term capital market assumptions. We also review peer data and historical returns to check for reasonableness.

Assumed health care cost trends have a significant effect on the amounts reported for postretirement benefit plans. A one-percentage-point change in assumed health care cost rates would have the following effects:

	1-Percentage Point Increase	1-Percentage Point Decrease
	(Dollars in thousands)	
Effect on annual total of service and interest cost components	\$ 214	(282)
Effect on postretirement benefit obligation	\$ 2,763	(3,632)

We expect to contribute approximately \$13 million to our postretirement benefit plan in 2009.

Our estimated future projected benefit payments under our postretirement benefit plan are as follows:

	Before Medicare Subsidy	Medicare Subsidy	Net of Medicare Subsidy
Year	(Dollars in thousands)		
2009	\$ 19,377	1,212	18,165
2010	\$ 21,514	1,394	20,120
2011	\$ 23,388	1,595	21,793
2012	\$ 24,316	1,842	22,474
2013	\$ 25,465	2,035	23,430
2014-2018	\$ 137,634	6,384	131,250

Payments for Services to Persons Other Than Employees

Year: 2008

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	Automotive Rentals	Vehicle Maintenance & Rental	268,343	268,343	191,877
2	Flathead Janitorial, Inc.	Janitorial Services	90,740	90,740	62,082
3	Montana Dept. of Revenue	Public Service Reg. Fee and	85,428	85,428	85,428
4		Consumer Council Fee			
5	Montana Telecomm. Assoc.	Dues & Fees	55,150	55,150	39,435
6	One Call Locators, Ltd.	Locating & Utility Services	222,082	222,082	161,379
7	The Berry Company	Advertising	262,083	262,083	199,838
8	Johnson Controls, Inc.	Bldg. Maintenance- Heat & A/C	34,702	34,702	23,742
9	KPMG, LLC	Auditing	53,527	53,527	38,274
10	Rocky Mountain Contractors	C & W Maintenance	149,549	149,549	108,672
11	Trace Woodring Flooring	Snow Plowing	33,377	33,377	22,836
12	Dialogic Communications Corp.	Software Support	35,033	35,033	21,976
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49	Total		1,290,014	1,290,014	955,539

Subscriber Line Usage Data

Year: 2008

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	167,257,623	82.40%	192,663,193	82.51%
3	Interstate, IntraLATA	1,697	0.00%	2,001	0.00%
4	Total Interstate Usage	167,259,320	82.40%	192,665,194	82.52%
5	Intrastate, InterLATA	12,764,058	6.29%	12,680,425	5.43%
6	Intrastate, IntraLATA	22,958,457	11.31%	28,145,414	12.05%
7	Total Intrastate Usage	35,722,515	17.60%	40,825,839	17.48%
8	Total Toll Usage	202,981,835	100.00%	233,491,033	100.00%
9	Centrex				
10	Local				
11	Total Minutes	202,981,835	100.00%	233,491,033	100.00%

Central Office and Access Line Statistics

Year: 2008

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifeline Customers (f)	Residential LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	Big Fork	Digital	2,825		2,132	433		272	315		4	347		5,895
2	Columbia Falls	Digital	3,136		2,230	1,072		276	402		10	1,005		7,059
3	Elmo	Digital	666		442	284		22	16			5		1,151
4	Finley Point	Digital	347		196	110		15	7		1	1		567
5	Hungry Horse	Digital	846		617	443		70	62		7	42		1,644
6	Kalispell	Digital	14,421		10,162	7,082		1,533	3,144		43	5,027		34,330
7	Lakeside	Digital	981		672	98		72	93		1	108		1,927
8	Marion	Digital	351		239	29		16	13			9		628
9	McGregor Lake	Digital	124			24		5	21			14		164
10	Olney	Digital	125		72	57		15	8			15		235
11	Polson	Digital	2,753		1,861	1,748		294	497		7	869		6,281
12	Somers	Digital	601		455	54		50	55			36		1,197
13	Swan Lake	Digital	175		95	12		7	7		1			285
14	Whitefish	Digital	4,675		2,885	1,099		439	818		12	1,471		10,300
15	Yellow Bay	Digital	255		166	34		8	11		1	8		449
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33	Total		32,281		22,224	12,579		3,094	5,469		87	8,957		72,112

NOTE: Additional blank schedules are being provided for your convenience.

Central Office and Switch Information

Year: 2008

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	Bigfork	Remote	Digital	NORTEL	DUAL RSC	10,440	1985
2	Columbia Falls	Remote	Digital	NORTEL	DUAL RSC	11,592	1988
3	Elmo	Remote	Digital	NORTEL	RLCM	1,216	1990
4	Finley Point	Remote	Digital	NORTEL	RLCM	1,216	1990
5	Hungry Horse	Remote	Digital	NORTEL	RSC	2,560	1989
6	Kalispell	Host	Digital	NORTEL	DMS100	43,536	1981
7	Lakeside	Remote	Digital	NORTEL	RSC	4,316	1990
8	Marion(MT)	Remote	Digital	ALCATEL	LITESPAN 2000	600	1999
9	McGregor Lake	Remote	Digital	NORTEL	RLCM	640	1995
10	Olney	Remote	Digital	ALCATEL	LITESPAN 2000	700	1999
11	Polson	Remote	Digital	NORTEL	DUAL RSCS	10,672	1993
12	Somers	Remote	Digital	NORTEL	RSC	2,580	1995
13	Swan Lake	Remote	Digital	ALCATEL	LITESPAN 2000	1,300	1999
14	Whitefish	Remote	Digital	NORTEL	DUAL RSCS	24,720	1994
15	Yellow Bay	Remote	Digital	NORTEL	RLCM	640	1989
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NOTE: Additional blank schedules are being provided for your convenience.

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Construction Budget - Montana

Year: 2009

Line No.	Description (a)	2009 (b)
1	Central Office Assets:	
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27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	923,100
29	Total Central Office Budget (Total of Line 27 & Line 28)	923,100
30	Other Projects over \$500,000:	
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32		
33		
34		
35		
36		
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39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	2,912,980
43	Total Construction Budget (Total of Lines 29, 41 & 42)	3,836,080

Montana Total State Construction Expenditures

Line No.	FCC Part 32 Account No. (a)	Description (b)	This Year (c)	Last Year (d)	Percent Change (e)
1	2110	General Support Assets	572,276	347,023	64.91%
2	2210	Central Office Assets	412,021	135,481	204.12%
3	2220	Operator Systems	0	0	
4	2230	Central Office Transmission	2,079,568	2,521,259	-17.52%
5	2310	Information/Termination Assets		0	
6	2410	Cable and Wire Facilities Assets	1,389,485	2,018,374	-31.16%
7	2680	Amortizable Tangible Assets	0	0	
8	2690	Intangibles	0	0	
9		Total Construction Expenditures	4,453,350	5,022,137	-11.33%

Montana Employee Counts

Year: 2008

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Vice President and Managers	4	3
2	Supervisors & Superintendents	6	5
3	Comm. Technicians	10	10
4	Plant Technicians	21	21
5	Cable Technicians	5	5
6	Engineers/Drafting	9	7
7	Facility & Test Board Technicians	1	1
8	Special Apparatus Technicians	1	1
9	Commercial & General	15	16
10	Secretaries	3	2
11	LAN Administrator	1	1
12	Plant Support Technicians	8	8
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43	Totals (Sum of Lines 1 through 42)	84	80

Compensation of Top 10 Montana Based Employees

Year: 2008

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	In order to protect the privacy interests of the company's employees, this schedule has historically been submitted as confidential and subject to protective order. The company is submitting the information on Schedule 27 under separate cover subject to the protective order currently in place.						
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11	Totals (Sum L.1 to L.10)						

Compensation of Top 5 Corporate Employees - SEC Information

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	N/A						
2	Note: CenturyTel of Montana, Inc. does not submit SEC information. See Schedule 27, Compensations of Top 10 Montana based employees.						
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year: 2008

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	109,855
3	2003 - 2004	Construction Work in Progress	1,272
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	11
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	(73,373)
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	37,765
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	28,720
13	6560	Depreciation & Amortization Expenses	4,958
14		Federal & State Income Taxes	4,111
15		Other Taxes	1,563
16		Other Operating Expenses	13,651
17		TOTAL Operating Expenses	24,283
18		Net Operating Income	4,437
19		Other Income	
20		Other Deductions	
21		NET INCOME	4,437
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	32,281
24		Business Access Lines	8,563
25		PBX Access Lines	2,813
26		Other Access Lines	6,231
27		Total Number of Access Lines	49,888
28		Average Number of Calls Per Access Line	
29		Local Calls	35,722,515
30		Toll Calls (Intra- or Interstate)	202,981,835
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)	4,785
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	N/A
34		Gross Plant Investment per Access Line (Line 2 divided by Line 27)	2.20

Depreciation - Montana Intrastate Regulated

Year: 2008

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	16.20%	266,283
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	9.38%	71,255
5	2121	Buildings	3.04%	110,863
6	2122	Furniture	8.19%	2,408
7	2123.1	Office Support Equipment	13.06%	4,184
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	17.26%	134,780
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	9.39%	271,835
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	9.39%	16
16	2232	Circuit DDS		
17	2232	Circuit Digital	9.39%	3,699,583
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles	11.29%	4,681
22	2421	Aerial Cable Metallic	9.32%	128,045
23	2421	Aerial Cable Nonmetallic	9.32%	5,426
24	2422	Underground Cable Metallic	3.41%	52,744
25	2422	Underground Cable Nonmetallic	3.41%	6,043
26	2423	Buried Cable Metallic	4.43%	2,891,446
27	2423	Buried Cable Nonmetallic	4.43%	339,749
28	2424	Submarine Cable Metallic	3.30%	193
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	4.43%	392
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire	9.09%	76
33	2441	Conduit Systems	2.37%	32,732
34				
35		COMPOSITE TOTAL		8,022,734
36	Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates			
37				
38				
39	Docket Number	83.9.88	Order Number	5052
40	THIS SCHEDULE IS REPORTED FOR TOTAL MONTANA AND AGREES WITH SCHEDULE 4, LINE 31.			

Company Name: CenturyTel of Montana, Inc.

SCHEDULE 30a

Amortization - Montana Intrastate Regulated

Year: 2008

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1				
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32				
33				
34				
35		COMPOSITE TOTAL		
36	Please list the Montana Public Service Commission Docket Order No. approving these amortization rates Docket Number _____ Order Number _____			
37				
38				
39				
40				

Montana Regulatory Capital Structure & Costs

Year: 2008

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	Commission Accepted - Most Recent			
1	Docket Number 92.732			
2	Order Number 5638C			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
9				
10	Actual at Year End			
11				
12	Common Equity 48,503,082	99.53%	13.700%	13.636%
13	Preferred Stock 230,000	0.47%	8.913%	0.042%
14	Long Term Debt			
15	Other			
16	Total 48,733,082	100.00%		13.678%

Network Access - Charges and Revenues

Year: 2008

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	469,845	19,703,650
2			
3	Montana - Intrastate	469,845	3,883,733
4			
5	Montana - Intrastate Regulated	469,845	3,883,733
6			
7			
8			
9			
10			
11			
12			
13			

Affiliate Transactions - Products & Services Provided to Utility

Year: 2008

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	CenturyTel Service Group, Inc.	Management, Accounting, Operating and Miscellaneous Services	Contract Year - 2003	6,493,773		6,493,773
2						
3						
4	CenturyTel, Inc.	"	Contract Year - 2003	512,536		512,536
5	CenturyTel of Washington, Inc.	"	Contract Year - 2003	227,402		227,402
6	CenturyTel Holdings, MO, Inc.	"	Contract Year - 2002	39,839		39,839
7	CenturyTel Broadband Serv., Inc.		Contract Year - 2001	92,624		92,624
8	CenturyTel Supply, Inc.	Warehouse	Contract Year - 2003	171,551		171,551
9	All Other	"		23,882		23,882
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24						
25						
26						
27						
28						
29			For all Affiliates Contract Price Determined by Fully Distributed Costs			
30	TOTAL			\$7,561,607		\$7,561,607

Affiliate Transactions - Products & Services Provided by Utility

Year: 2008

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	CenturyTel Broadband Services, Inc.	Management, Billing & Coll.,	Contract Year - 2001	3,704,387	58.4%	3,704,387
2	CenturyTel Long Distance, Inc.	Operating, DSL, and	Contract Year - 2001	2,116,545	33.3%	2,116,545
3	CenturyTel Service Group, Inc.	Miscellaneous Services	Contract Year - 2003	47,754	0.8%	47,754
4	CenturyTel of Idaho, Inc.	"	"	164,784	2.6%	164,784
5	CenturyTel of Gem State - Idaho	"	"	79,398	1.3%	79,398
6	CenturyTel of Eagle, Inc	"	"	154,886	2.4%	154,886
7	Direct Broadcast Satellite	"	"	32,262	0.5%	32,262
8	All Other	"	"	46,467	0.7%	46,467
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29						
30	TOTAL			\$6,346,483		\$6,346,483

Montana Intrastate Regulated Earned Rate of Return

Year: 2008

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	107,249,295	107,536,746	-0.27%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(71,825,390)	(68,596,082)	-4.71%
5	Plant in Service	35,423,905	38,940,664	-9.03%
6				
7	Additions			
8	1220 Materials & Supplies	10,648	21,771	-51.09%
9	1280 Prepayments			
10	Other Additions	534,888	549,137	-2.59%
11	TOTAL Additions	545,536	570,908	-4.44%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	6,267,647	6,168,633	1.61%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	6,267,647	6,168,633	1.61%
20	TOTAL Rate Base	29,701,794	33,342,939	-10.92%
21				
22	Net Earnings	(2,072)	(1,259)	-64.58%
23				
24	Rate of Return on Average Rate Base	-0.007%	-0.004%	-84.75%
25				
26	Rate of Return on Average Equity	13.700%	13.700%	
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	Adjusted Rate of Return on Average Rate Base			
44				
45	Adjusted Rate of Return on Average Equity			

Other Taxes Paid

Year: 2008

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	984,600	901,825
2	Montana Public Service Commission Tax	43,494	56,243
3	Montana Consumer Counsel Tax	13,967	29,185
4	911 Emergency Telephone Fee	429,127	652,538
5	Montana Telecommunications Access Service (TDD)	69,034	65,300
6	Montana Corporate License Tax	818,000	518,000
7	Personal Property Tax		
8	Real Property Tax	2,107,566	2,179,073
9			
10			
11			
12	Total	4,465,788	4,402,164

SCHEDULE 37

Universal Service Funds Received

Year: 2008

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	N/A	N/A
14	Funds received from Federal Sources	1,376,310	1,279,554
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	1,376,310	1,279,554